



2 June, 2021/7276

ગુજરાત વેપારી મહામંડળ

૧૯૪૯ થી કાર્યરત

To,
Shri Amitabh Chaudhry
MD & CEO
Axis Bank Ltd.
"Axis House",
C-2, Wadia International Centre,
Pandurang Budhkar Marg,
Worli, Mumbai-400025.

Natubhai Patel
President

Hemant N. Shah
Sr. Vice President

K. I. Patel
Vice President

Pathik S. Patwari
Hon. Secretary

V. P. Vaishnav
Hon. Secretary (R)

Sachin K. Patel
Hon. Treasurer

Sub: Misclassification of Synthetic Organic Dyes under Readymade Garments for LC discounting

Dear Sir,

Greetings from Gujarat Chamber of Commerce and Industry (GCCCI).

Hope you and all your colleagues at Axis Bank are well and keeping safe.

We are in receipt of Gujarat Dyestuff Manufacturers' Association (GDMA) communication with regard to treating exports of synthetic organic dyes under readymade garments (RMG) category, and thus LC issued from Bangladesh are not allowed for discount by your bank. This information has come as a surprise to us, and we wish to put on record our strong objection in this matter.

GDMA in their letter has already explained how dyestuff and garment industry work at an arm's length. The HSN codes for both products are also different and hence we are very concerned about this misclassification of dyes under RMG and its ancillary.

Gujarat is a leader in manufacture of dyestuffs and contributes around 60% to the national output. This policy decision affects more than 1100 manufacturers, most of which are MSMEs and even more importantly will put a dent in India's exports. You too would acknowledge that this would be in complete contradiction to India's policy on Ease of Doing Business as well as Make in India.

Bangladesh being world's 2nd largest textile exporter, keeping Indian dyestuff industry away from this market with such policies will not be advised. In fact, since LC (safest payment method for all involved) is the standard practice in Bangladesh, growth of this trade will be stunted by such misclassified policies.

At the same time, we also understand the Bank would have made the policy based on its experience and to protect its interest. However, you would agree there can be better means to achieve this distinction rather than putting a total ban on discounting any dyestuff LC from Bangladesh. It is also imperative we separate



dyes and RMG cases and analyze if in the last 10 years, there has been any case of bad debt for a dyestuff exporter (not RMG) to Bangladesh.

We would like to reiterate our strong objection to this misclassification, and we hope this is corrected immediately. I request your urgent intervention in resolving this satisfactorily in the interest of India's business and manufacturers.

Please do let us know if GCCI can assist further in this matter. Looking forward to your support and co-operation.

With best regards,


Natubhai Patel
President

Encl: 1. Letter from GDMA dated 27.05.2021
2. Correspondence by Axis Bank mentioning that LC discounting cannot be done as the commodity falls under RMG

Copy to: 1. **The Governor**, Reserve Bank of India, Mumbai.
2. **The Regional Director**, Reserve Bank of India, Ahmedabad.

Natubhai Patel
President

Hemant N. Shah
Sr. Vice President

K. I. Patel
Vice President

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Hon. Secretary

V. P. Vaishnav
Hon. Secretary (R)

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Hon. Treasurer



THE GUJARAT DYESTUFF
MANUFACTURERS ASSOCIATION

Ramesh Patel Haresh Bhuta Anil Jain Deepak Patel Jatin Patel Jayesh Patel Yogesh Parikh
President Vice President Jt. Vice President Hon. Secretary Hon. Jt. Secretary Hon. Treasurer Imm. Past President.

GDMA/EXPORTS/ 23 / 2021
May 27, 2021

Shri Amitabh Chaudhry
MD & CEO
Axis Bank Limited,
'Axis House',
C-2, Wadia International Centre,
Pandurang Budhkar Marg,
Worli, Mumbai - 400 025
Email: amitabh.chaudhry@axisbank.com

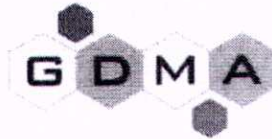
Dear Sir,

Reg.: Treating Synthetic Organic Dyes under Readymade Garments for LC discounting

Hope you're well and all colleagues at Axis Bank are well and keeping safe.

Sir, one of our Executive Committee members Mr. Hiten Jasani from Rajkot has brought to our attention that Axis Bank has started treating exports of synthetic organic dyes under Readymade Garments (RMG) category for LC discounting issued from Bangladesh. This news is of grave concern to not only Mr. Jasani but all our 1100+ members, many of whom are customer of Axis Bank.

We would like to strongly object this misclassification of synthetic organic dyestuff under RMG or its ancillary category. In the benefit of other members at Axis, let me explain the garment industry. Dyestuff is simply used to dye fabric or yarn and this could be classified as dyeing units/industry. Dyed fabric is then sold to garment factories who would cut the fabric, sew it, accessorize it and sell as readymade garments. As far as sale of dyes is concerned, it is only to dyeing industry which is completely different from RMG. For RMG, dyestuff is not even an ancillary product; those would be thread, sleeves, sewing machines and such.



THE GUJARAT DYESTUFF
MANUFACTURERS ASSOCIATION

Ramesh Patel President
Haresh Bhuta Vice President
Anil Jain Jt. Vice President
Deepak Patel Hon. Secretary
Jatin Patel Hon. Jt. Secretary
Jayesh Patel Hon. Treasurer
Yogesh Parikh Imm. Past President

This is also made perfectly clear since HSN code for dyes is 32041600 while that of RMG is 62099090. Sir, India and especially Gujarat is the hub for dyestuff manufacturing and Bangladesh is the world's 2nd largest textile exporter. It is simply not possible that dyes manufacturers, many of whom are your esteemed customers will not be dealing with Bangladesh. Moreover Sir, LC backed transaction is the norm in Bangladesh and it is the safest business practice for all parties involved, including the bank. Axis Bank's policy on this matter will hamper the business of our exporters and is in stark contrast to Central Govt's Ease of Doing Business directive.

We do acknowledge that the Bank's policy would have evolved with their own experience, and we fully understand the Bank's intention to protect its interest. However Sir, I am sure you too would agree that there can be other better ways to control bad incidents rather than misclassifying our product and putting a blanket ban on discounting any LC from Bangladesh. It is also imperative we separate dyes and RMG cases and analyze if in last 10 years, there has been any case of bad debt for a dyestuff exporter (not RMG) to Bangladesh.

I would like to reiterate our strong objection to this misclassification, and I hope this is corrected immediately. We are indeed very concerned and will request your earliest intervention. Please do let me know if our organization can assist further in this matter.

Thanks & regards,
For, The Gujarat Dyestuff Manufacturers Association

Ramesh Patel
President.



Tanmay Mehta <asg@gujaratchamber.org>

Fwd: Discount of foreign bill backed by LC and acceptance received 0087FUGC2200202 /// VIRAG INTERNATIONAL PVT LTD

Hiten Jasani <hiten@viraginternational.com>
To: asg@gujaratchamber.org

Wed, Jun 2, 2021 at 4:13 PM

Sent from my iPhone

Begin forwarded message:

From: Chayan Roy <Chayan.Roy@axisbank.com>
Date: 24 May 2021 at 3:00:52 PM IST
To: Hiten Jasani <hiten@viraginternational.com>
Cc: Amulya Kumar Bisoi <Amulya.Bisoi@axisbank.com>, Virag Jasani <virag.jasani@gmail.com>, Exports Virag <exports@viraginternational.com>, Sefal R Mehta <Sefal.Mehta@axisbank.com>, Ranjeet Barnwal <Ranjeet.Barnwal@axisbank.com>, Shilpa Sameer Kushe <Shilpa.Kushe@axisbank.com>, Rajkot Forex <Rajkot.Forex@axisbank.com>, "Raghuvir R. Vasant" <Raghuvir.Vasant@axisbank.com>
Subject: Re: Discount of foreign bill backed by LC and acceptance received 0087FUGC2200202 /// VIRAG INTERNATIONAL PVT LTD

Dear Sir/Madam,

As per the enquiry of our concerned team the goods which is mentioned in the LC are used directly in composite knit garments factory.

As per our internal policy at present we do not handle any RMG deal for Bangladesh.

For, WB Service HH
Thanks & Regards,

Chayan Roy

WB Service Hub Head - Gujarat West
Axis Bank Ltd
F-102, 1st Floor, Abhshree Avenue
Near Nehrunagar Cross Road, Ambawadi
Ahmedabad, Gujarat, Pin-380006
M : 9769879917

Axis Asset Management | Axis Bank UK | Axis Capital | Axis Finance | Axis Securities | Axis Trustee | A. Treds | Freecharge

GPS'23 GROWTH.
PROFITABILITY.
SUSTAINABILITY.
ONE DESTINATION. ONE AXIS.

From: Shilpa Sameer Kushe <Shilpa.Kushe@axisbank.com>
Sent: Monday, May 24, 2021 1:58 PM
To: Hiten Jasani <hiten@viraginternational.com>
Cc: Amulya Kumar Bisoi <Amulya.Bisoi@axisbank.com>; Chayan Roy <Chayan.Roy@axisbank.com>; Virag Jasani <virag.jasani@gmail.com>; Exports Virag <exports@viraginternational.com>; Sefal R Mehta <Sefal.Mehta@axisbank.com>; Ranjeet Barnwal <Ranjeet.Barnwal@axisbank.com>
Subject: Fw: Discount of foreign bill backed by LC and acceptance received 0087FUGC2200202 /// VIRAG INTERNATIONAL PVT LTD

Dear Sir,

We had arranged concall for you on Friday with concern team for discussion over Lc bill discounting. As per them since the commodity falls under RmG could not process your request . However, for better understanding they have taken up with Bank in Bangladesh wrt to the commodity and will share detail mail as soon as revert is received from them.

Kindly bear with us till get the confirmation.

Thanks and Regards

Shilpa
WB- Service
Axis Bank Ltd
M : 9833556011

From: Hiten Jasani <hiten@viraginternational.com>
Sent: Monday, May 24, 2021 1:07 PM
To: Shilpa Sameer Kushe <Shilpa.Kushe@axisbank.com>
Cc: Chayan Roy <Chayan.Roy@axisbank.com>; Virag Jasani <virag.jasani@gmail.com>; Exports Virag <exports@viraginternational.com>
Subject: Discount of foreign bill backed by LC and acceptance received 0087FUGC2200202 /// VIRAG INTERNATIONAL PVT LTD

CAUTION : External Email - Identify SENDER before CLICKING on Links/Attachments.

Respected Madam,

Good morning and wishing you a wonderful day.

This is with reference to our ongoing tel discussion reg discount of one forex bill which is backed by LC and **ACCEPTANCE ALREADY RECEIVED.**

Madam, I have a strong feeling that this bill could have been discounted without any confusion. The things have been messed up unnecessarily as our product does not fall under Ready-made garments and even does not fall under ancillary to Ready-made garments. The mess up is the result of misinterpretation of the internal bank guidelines.

This has resulted in unnecessary stress to me. Only me and not any officer is affected by this delay of five days. I am losing money every single day as USD is down by almost 50 paise against INR in these 5 days. This is not counting the opportunity cost and I already missed a business deal due to this delay.

The things are now messed up and will be further rotten by the delay in decision. I would kindly request to share the mail ID of the lady officer from the Compliance team who was on conference call on Thursday 20th at 4 PM.

With dissatisfaction,

Hiten Jasani
Director
Virag International Pvt Ltd
Rajkot

Sent from my iPhone

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